

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13289 (Reopened)
ORDER NO. R-12203-A**

**IN THE MATTER OF CASE NO. 13289 BEING REOPENED PURSUANT TO
THE PROVISIONS OF DIVISION ORDER NO. R-12203, WHICH ORDER
PROMULGATED TEMPORARY SPECIAL POOL RULES FOR THE
SOUTHEAST HAT MESA-DELAWARE POOL, INCLUDING PROVISIONS
FOR 160-ACRE SPACING UNITS AND DESIGNATED WELL LOCATIONS
REQUIREMENTS, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 6, 2005 at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 22nd day of November, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Division Order No. R-12203, issued in Case No. 13289 on September 2, 2004, the Division, upon application of Samson Resources Company, established Temporary Special Pool rules for the Southeast Hat Mesa-Delaware Pool, Lea County, New Mexico, including provisions for 160-acre spacing and proration units and designated well location requirements such that wells shall be located no closer than 660 feet to the outer boundary of the unit and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(3) Pursuant to the provisions of Order No. R-12203, this case was reopened to allow the operators in this pool to appear and show cause why the "Temporary Special Pool Rules for the Southeast Hat Mesa-Delaware Pool" should not be rescinded and the pool developed on statewide 40-acre spacing.

(4) The Southeast Hat Mesa-Delaware Pool currently comprises Lots 9, 10, 15, and 16 of Irregular Section 2, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico.

(5) Samson Resources Company ("Samson" or "Applicant") appeared at the hearing and presented evidence to support the permanent adoption of the special pool rules for the Southeast Hat Mesa-Delaware Pool.

(6) Samson presented engineering evidence that demonstrates that:

(a) The Minis "2" Federal Well No.1 is the only well producing from the Southeast Hat Mesa-Delaware Pool;

(b) the Minis "2" Federal Well No.1 is capable of producing 350 barrels of oil per day;

(c) the production data indicate that the reservoir is not rate-sensitive, and the bubble point has not been reached;

(d) as of August 2005, the well has cumulatively produced 252,567 barrels of oil and 112,030 MCF of gas;

(e) the estimated ultimate recovery (EUR) from the Minis "2" Federal Well No. 1 is 761,000 barrels of oil; and

(f) the calculated drainage area for this well is 244 acres.

(7) Testimony by Samson indicates that it is unlikely that additional drilling will occur within the Southeast Hat Mesa-Delaware Pool.

(8) The engineering evidence presented by Samson demonstrates that the current well spacing within the Southeast Hat Mesa-Delaware Pool is appropriate, and that permanent adoption of the special pool rules will prevent waste and protect correlative rights.

(7) No other interested party appeared at the hearing in opposition to the continuation of the current special pool rules and regulations.

(8) In order to prevent the economic loss, and augmentation of risk arising from the drilling of an excessive number of wells, to prevent waste and protect correlative rights, the "Special Pool Rules for the Southeast Hat Mesa-Delaware Pool," as promulgated by Division Order No. R-12203, should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT :

(1) The "Temporary Special Pool Rules for the Southeast Hat Mesa-Delaware Pool", which comprises Lots 9, 10, 15, and 16 of Irregular Section 2, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico, as promulgated by Division Order No. R-12203, issued on September 2, 2004, are hereby continued in full force and effect until further order of the Division.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Mark E. Fesmire, P.E.
Director



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